

Options for Independence, Inc.

Financial Statements
and Independent Auditor's Report
June 30, 2013

Options for Independence, Inc.

Financial Statements and Independent Auditor's Report As of and for the Year Ended June 30, 2013 With Supplemental Information Schedule

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Options for Independence, Inc.
Houma, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Options for Independence, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion

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on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Options for Independence, Inc. as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

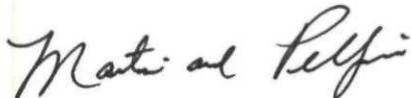
Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2013, on our consideration of Options for Independence, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The

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purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

A handwritten signature in cursive script, appearing to read "Matthew Relfin".

Houma, Louisiana
December 10, 2013

FINANCIAL STATEMENTS

Options for Independence, Inc.

Statement of Financial Position
June 30, 2013

ASSETS

Current assets:

Cash and cash equivalents	\$ 159,943
Grants receivable	416,044
Medicaid receivable	228,750
Prepaid expenses	19,455
Inventory	<u>1,147</u>

Total current assets 825,339

Property and equipment, net of accumulated
depreciation of \$189,666 101,511

Deposits 1,335

TOTAL ASSETS \$ 928,185

LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable	\$ 85,507
Line of credit	599,598
Deferred revenue	55,822
Accrued payroll and related liabilities	61,375
Current maturities of long-term debt	<u>11,317</u>

Total current liabilities 813,619

Long-term debt, net of current maturities 20,950

TOTAL LIABILITIES 834,569

Net assets:

Unrestricted	85,116
Temporarily restricted	<u>8,500</u>

TOTAL NET ASSETS 93,616

TOTAL LIABILITIES AND NET ASSETS \$ 928,185

The accompanying notes are an integral part of this statement.

Options for Independence, Inc.

Statement of Activities For the Year Ended June 30, 2013

	Unrestricted	Temporarily Restricted	Total
REVENUES AND OTHER SUPPORT			
Governmental grants	\$ 2,948,337	\$ -	\$ 2,948,337
Medicaid service fees	1,170,248	-	1,170,248
Other funding	228,439	-	228,439
Gulf Coast Market Place sales	53,089	-	53,089
Miscellaneous income	10,162	-	10,162
Donations	9,373	-	9,373
Fundraising income	52	-	52
TOTAL REVENUES AND OTHER SUPPORT	4,419,700	-	4,419,700
EXPENSES			
Program services			
Disaster Recovery	1,566,684	-	1,566,684
Options for Youth	1,104,712	-	1,104,712
Community Options	950,343	-	950,343
Health and Wellness	304,380	-	304,380
Corporate Options	229,651	-	229,651
Staffing Solutions	94,551	-	94,551
Community Supports	75,462	-	75,462
Financial Independence	46,640	-	46,640
Total program services	4,372,423	-	4,372,423
Management and general	254,804	-	254,804
Fundraising development	720	-	720
TOTAL EXPENSES	4,627,947	-	4,627,947
Interest income	18,741	-	18,741
Loss on disposal of equipment	(4,119)	-	(4,119)
TOTAL OTHER INCREASE IN NET ASSETS	14,622	-	14,622
DECREASE IN NET ASSETS	(193,625)	-	(193,625)
NET ASSETS, BEGINNING OF PERIOD	278,741	8,500	287,241
NET ASSETS, END OF PERIOD	\$ 85,116	\$ 8,500	\$ 93,616

The accompanying notes are an integral part of this statement.

Options for Independence, Inc.

Statement of Functional Expenses For the Year Ended June 30, 2013

	PROGRAM SERVICES						
	Disaster Recovery	Options for Youth	Community Options	Health and Wellness	Corporate Options	Staffing Solutions	Community Supports
Salaries and wages	\$ 1,262,368	\$ 744,715	\$ 568,135	\$ 239,441	\$ 66,253	\$ 74,652	\$ -
Payroll taxes	110,258	59,317	45,084	18,505	5,164	3,680	4,485
Direct aid	-	-	761	-	139,082	-	51,637
Travel	98,752	33,715	33,197	7,448	2,273	865	1,131
Rent	8,243	36,750	90,362	7,278	750	2,125	3,131
Accounting and professional	5,434	65,425	32,279	3,278	4,847	3,250	5,886
Insurance - health	7,365	31,411	33,221	10,856	3,558	546	174
Supplies	13,607	14,694	31,025	342	626	8,028	545
Insurance - workers' compensation	27,773	17,968	14,230	6,896	1,636	1,152	1,452
Insurance - general	4,233	25,697	27,286	4,308	744	-	2,551
Phone	9,858	18,867	26,128	2,066	1,330	(282)	524
Lease - copier	9,244	9,909	19,686	1,000	119	-	908
Training and education	5,275	27,805	6,500	390	550	481	318
Depreciation	-	-	-	-	-	-	-
403(b) contributions	2,565	7,652	4,364	2,263	1,988	37	1,705
Interest	-	-	-	-	-	-	-
Automobile	365	7,515	10,048	-	-	-	129
Utilities	1,101	1,818	6,671	229	-	-	197
Advertising	-	-	-	-	-	-	-
Miscellaneous	28	349	180	17	(148)	-	7,883
Dues and subscriptions	-	-	60	-	856	-	264
Bank charges and processing fees	-	-	-	-	-	-	-
Postage	167	894	933	63	23	17	125
Repairs and maintenance	48	211	193	-	-	-	19
Penalties	-	-	-	-	-	-	-
Vendor distribution expense	-	-	-	-	-	-	-
Total	\$ 1,566,684	\$ 1,104,712	\$ 950,343	\$ 304,380	\$ 229,651	\$ 94,551	\$ 75,462
							\$ 46,640

The accompanying notes are an integral part of this statement.

Options for Independence, Inc.

Statement of Functional Expenses (continued) For the Year Ended June 30, 2013

	Management and General	Fundraising Development	Total
Salaries and wages	\$ 104,211	\$ -	\$ 3,082,380
Payroll taxes	7,828	-	256,288
Direct aid	-	-	191,480
Travel	902	-	179,114
Rent	12,575	-	168,439
Accounting and professional	7,101	-	129,530
Insurance - health	3,407	-	90,622
Supplies	8,274	720	80,790
Insurance - workers' compensation	2,846	-	74,057
Insurance - general	5,372	-	70,191
Phone	9,160	-	68,131
Lease - copier	5,947	-	46,813
Training and education	1,092	-	42,411
Depreciation	35,750	-	35,750
403(b) contributions	4,687	-	25,261
Interest	24,747	-	24,747
Automobile	2,228	-	20,285
Utilities	612	-	10,628
Advertising	147	-	8,030
Miscellaneous	6,481	-	7,716
Dues and subscriptions	5,262	-	6,178
Bank charges and processing fees	3,124	-	3,189
Postage	539	-	2,809
Repairs and maintenance	1,570	-	2,041
Penalties	942	-	942
Vendor distribution expense	-	-	125
Total	\$ 254,804	\$ 720	\$ 4,627,947

The accompanying notes are an integral part of this statement.

Options for Independence, Inc.

Statement of Cash Flows
For the Year Ended June 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES

Decrease in net assets	\$ (193,625)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:	
Depreciation	35,750
Loss on disposal of equipment	4,119
(Increase)/decrease in operating assets:	
Grants receivable	(45,540)
Medicaid receivable	(165,230)
Prepaid expenses	9,840
Inventory	34
Increase/(decrease) in operating liabilities:	
Accounts payable	67,120
Deferred revenue	(137,684)
Accrued payroll and related liabilities	14,177

NET CASH USED IN OPERATING ACTIVITIES (411,039)

CASH FLOWS USED IN INVESTING ACTIVITIES

Purchases of property and equipment (13,635)

CASH FLOWS FROM FINANCING ACTIVITIES

Advances on line of credit, net of repayments 186,535
Principal payments of long-term debt (10,705)

NET CASH PROVIDED BY FINANCING ACTIVITIES 175,830

NET DECREASE IN CASH AND CASH EQUIVALENTS (248,844)

BEGINNING CASH AND CASH EQUIVALENTS 408,787

ENDING CASH AND CASH EQUIVALENTS \$ 159,943

SUPPLEMENTAL CASH FLOW INFORMATION

Cash paid during the year for interest \$ 23,935

The accompanying notes are an integral part of this statement.

Options for Independence, Inc.

Notes to the Financial Statements
For the Year Ended June 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. Nature of the Organization – Options for Independence, Inc., a not-for-profit, voluntary health and welfare agency, provides a variety of community based programs to assist children and adults facing significant barriers to achieve meaningful outcomes in the areas of mental health, housing, employment, substance abuse prevention and treatment, disaster recovery, and financial independence. Major programs offered by the Organization include:

Children's Services – The Organization offers research based interventions to help families strengthen bonding, manage conflict, and set clear expectations for behavior and responsible living. Services include case management, life skills training, individual and group counseling, parenting, and substance abuse prevention and treatment.

Adult Services – The Organization offers community based services in the areas of mental health, employment, and disaster recovery. Mental health services include case management, life skills training, counseling, homeless outreach and supported living services. Employment services include vocational evaluations, job placement, work readiness training and school-to-work transition services. Disaster recovery services include crisis counseling, stress management, community outreach, and resource linkage.

Special Projects – In addition to regular services, the Organization offers special projects in partnership with the Louisiana Department of Health and Hospitals and the Department of Social Services and other state agencies to support individuals and families with disabilities. These services include fiscal intermediary services for families and consultation and training on special projects.

Disaster Recovery – The economy of the region within which the Organization operates was severely impacted by Hurricane Isaac. The Organization offers crisis counseling assistance and a recovery program for survivors of this hurricane.

Housing – Housing supportive services are designed to provide case management services to persons living in transitional housing and to assist them in developing the resources and skills necessary to find and maintain permanent housing. The goal is to end the cycles of homelessness that prevent many people from achieving stability in the community.

Financial Independence – The Organization developed the Gulf Coast Market Place to contribute to community recovery by providing opportunities for economic growth and financial independence. The Gulf Coast Market Place is an online marketplace for hand-crafted products and services created by those living in the states bordering the Gulf of Mexico. The Organization also manages farmers markets for both Terrebonne and Lafourche Parishes, which provide a

Options for Independence, Inc.

Notes to the Financial Statements
For the Year Ended June 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

central location for crafters, farmers, artisans, fishermen, and shrimpers to sell their goods.

The following are the significant accounting policies of Options for Independence, Inc.:

- B. Basis of Presentation – The financial statements are prepared on the accrual basis in accordance with U. S. generally accepted accounting principles.
- C. Net Assets – Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of Options for Independence, Inc. and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of Options for Independence, Inc. and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by Options for Independence, Inc. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes.

- D. Cash and Cash Equivalents – For the purpose of the statement of cash flows, Options for Independence, Inc. considers all unrestricted cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.
- E. Bad Debts – The financial statements of Options for Independence, Inc. contain no allowance for uncollectible receivables. Uncollectible accounts are recognized as an expense at the time information becomes available that indicates the amounts are uncollectible. While accounting principles generally accepted in the United States of America require that bad debts be recorded utilizing the allowance method, the difference between the two methods is immaterial to the Organization, as management considers all receivables to be fully collectible.
- F. Inventory consists of finished goods and is stated at cost.
- G. Property and Equipment – Property and equipment of the Organization, excluding donated property and equipment, are valued at cost. All donated property and equipment are recorded at estimated fair market value on the date of the donation. Depreciation is computed utilizing the straight line method over the estimated useful

Options for Independence, Inc.

Notes to the Financial Statements For the Year Ended June 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

lives of the assets. Depreciation expense for the year ended June 30, 2013 was \$35,750. Property and equipment acquisitions are capitalized if the purchase exceeds \$1,000 and the asset has a useful life of greater than one year.

- H. Functional Allocation of Expenses – The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.
- I. Advertising – Advertising costs are expensed as incurred. Advertising expense totaled \$8,030 for the year ended June 30, 2013.
- J. Estimates – The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
- K. Income Taxes – Options for Independence, Inc. is a not-for-profit, voluntary health and welfare agency exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. It has been classified as an organization that is not a private foundation under Section 509(a)(1) of the Internal Revenue Code and qualifies for the 50% charitable contributions deduction for individual donors.
- L. Deferred Revenue – Deferred revenue includes payments the Organization has received but has not yet earned. It consists of payments received from BP North America, Inc. and GCRO-BP America for future services. Deferred revenue is included in the accompanying statement of financial position as a current liability.

NOTE 2 – FAIR VALUES OF FINANCIAL INSTRUMENTS

The Organization's financial instruments, none of which are held for trading purposes, include cash and cash equivalents, grants receivable, accounts payable, line of credit, and notes payable. Management estimates that the fair value of all financial instruments at June 30, 2013, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position.

NOTE 3 – CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of grants receivable due from various departments of the State of Louisiana. Because these receivables are passed through support from the federal or state government, the Organization requires no collateral for these amounts.

Options for Independence, Inc.

Notes to the Financial Statements
For the Year Ended June 30, 2013

NOTE 3 – CONCENTRATION OF CREDIT RISK (Cont.)

Options for Independence, Inc. maintains its cash in one financial institution located in Louisiana. The Federal Deposit Insurance Corporation (FDIC) insures interest-bearing accounts up to \$250,000 at each institution. Also, Dodd-Frank legislation provided temporary unlimited coverage for non-interest bearing accounts from December 31, 2010 through December 31, 2012. Under that legislation, all non-interest bearing transaction accounts were fully guaranteed for the entire amount of the account. Coverage under that legislation was in addition to and separate from the coverage available under the FDIC's general deposit insurance rules. The Organization exceeded federally insured limits at times during the year; however, the Organization did not exceed these limits on June 30, 2013.

NOTE 4 – GRANTS RECEIVABLE

As of June 30, 2013, grants receivable consists of the following:

State of Louisiana -

Department of Health and Hospitals -

South Central Louisiana Human Services Authority -

Community Psychiatric Support and Treatment	\$ 44,586
River Parishes and St. Mary Recovery Centers	39,670
Regional Crisis Line	19,235
Developmental Disabilities Program Office	10,420
Consumer Care Resources	6,722
Crisis Intervention	3,669

Florida Parishes Human Services Authority -

Crisis Counseling Program	119,397
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Jefferson Parish Human Services Authority	75,513
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Louisiana Workforce Commission -

Louisiana Rehabilitation Services	4,200
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Department of Public Safety and Corrections -

Office of Juvenile Justice	2,762
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U.S. Department of Housing and Urban Development	39,779
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Terrebonne Parish Consolidated Government	23,399
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Terrebonne Parish School District	13,000
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Options for Independence, Inc.

Notes to the Financial Statements For the Year Ended June 30, 2013

NOTE 4 – GRANTS RECEIVABLE (Cont.)

St. Mary Parish Juvenile Drug Court	11,667
Houma City Court	2,025
	<u>\$ 416,044</u>

NOTE 5 – PROPERTY AND EQUIPMENT

A summary of changes in property and equipment follows:

	Balance July 1, 2012	Additions	Retirements	Balance June 30, 2013
Transportation equipment	\$ 134,521	\$ -	\$ -	\$ 134,521
Furniture and fixtures	123,038	-	(7,972)	115,066
Land	20,904	13,635	-	34,539
Storage shed	7,051	-	-	7,051
	<u>\$ 285,514</u>	<u>\$ 13,635</u>	<u>\$ (7,972)</u>	<u>\$ 291,177</u>
Accumulated depreciation	(157,769)	(35,750)	3,853	(189,666)
Net property and equipment	<u>\$ 127,745</u>	<u>\$ (22,115)</u>	<u>\$ (4,119)</u>	<u>\$ 101,511</u>

NOTE 6 – TEMPORARY RESTRICTIONS ON NET ASSETS

The restriction on net assets as of June 30, 2013 relates to an in-kind donation of land, which is restricted as to the passage of time. The Organization must redevelop the property within five years of the date of receipt. Also, the property must remain in use to benefit low to moderate income households for a period of three years.

NOTE 7 – ANNUITY PLAN

The Organization maintains a 403b (annuity) plan, which became effective in May 1997. Under the plan, employees may elect to defer a portion of their salary, subject to Internal Revenue Service limits. The Organization matches one-half of employee contributions up to 3% of the participants' annual payroll. Contributions to the plan were \$25,261 for the year ended June 30, 2013.

NOTE 8 – LINE OF CREDIT

The Organization has a revolving line of credit agreement dated November 9, 2012 with a local bank to aid in cash flow management. The agreement includes a borrowing limit of \$600,000, an interest rate of Wall Street Journal prime (3.25% as of June 30, 2013) on outstanding balances, is secured by all accounts and general intangibles and a term life insurance policy, and matures on November 17, 2013. As of June 30, 2013, the Organization has an outstanding balance of \$599,598 on this line of credit.

Options for Independence, Inc.

Notes to the Financial Statements
For the Year Ended June 30, 2013

NOTE 9 – LONG-TERM DEBT

Long-term debt of the Organization as of June 30, 2013 is as follows:

Note payable to a financing company dated September 29, 2011 with an interest rate of 5.74%, secured by a vehicle. Monthly principal and interest payments of \$292 are due with final payment due on October 8, 2016. \$ 10,636

Note payable to a financing company dated January 11, 2011 with an interest rate of 5.99%, secured by a vehicle. Monthly principal and interest payments of \$290 are due with final payment due on January 26, 2016. 8,291

Note payable to a financing company dated November 8, 2010 with an interest rate of 5.99%, secured by a vehicle. Monthly principal and interest payments of \$248 are due with final payment due on November 23, 2015. 6,670

Note payable to a financing company dated November 8, 2010 with an interest rate of 5.99%, secured by a vehicle. Monthly principal and interest payments of \$248 are due with final payment due on November 23, 2015. 6,670

Total long-term debt 32,267

Less current maturities (11,317)

\$ 20,950

Maturities of long-term debt are as follows:

<u>June 30,</u>	
2014	\$ 11,317
2015	12,017
2016	7,749
2017	1,184
	<u>\$ 32,267</u>

Options for Independence, Inc.

Notes to the Financial Statements
For the Year Ended June 30, 2013

NOTE 10 – GOVERNMENTAL GRANTS

During the year ended June 30, 2013, the Organization recognized grant revenue in the form of reimbursements for actual expenses and on a unit of service basis from the following sources:

State of Louisiana -

Department of Health and Hospitals -

Florida Parishes Human Services Authority -	
Crisis Counseling Program	\$ 1,205,190
Case Management (CM)	36,919
South Central Louisiana Human Services Authority -	
River Parishes and St. Mary Recovery Centers	211,980
Community Psychiatric Support and Treatment	158,947
Regional Crisis Line	95,064
Consumer Care Resources	35,886
Developmental Disabilities Program Office	34,022
Adolescent Outpatient Program	14,583
Crisis Intervention	11,180
Outpatient Adolescent Treatment Program	566
Jefferson Parish Human Services Authority	335,323
Office of Behavioral Health -	
Early Childhood Supports and Services	63,666
Louisiana Workforce Commission -	
Louisiana Rehabilitation Services	89,132
Department of Public Safety and Corrections -	
Office of Juvenile Justice	27,227
Lafourche Parish School Board	150,000
Terrebonne Parish Consolidated Government	141,382
Gulf Coast Teaching Family Services (Gulf Coast Social Services)	82,863
St. Mary Parish Juvenile Drug Court	70,000
Terrebonne Parish School District	64,765
U.S. Department of Housing and Urban Development	39,779
Louisiana Work - Career Solutions Center Work Connection, Inc.	34,125

Options for Independence, Inc.

Notes to the Financial Statements
For the Year Ended June 30, 2013

NOTE 10 – GOVERNMENTAL GRANTS (Cont.)

Houma City Court	17,475
U.S. Small Business Administration	14,263
South Central Planning and Development Commission	<u>14,000</u>
	<u><u>\$2,948,337</u></u>

NOTE 11 – OTHER FUNDING

During the year ended June 30, 2013, the Organization recognized revenue from the following other funding sources:

Greater New Orleans Foundation	\$ 93,632
Catholic Charities Archdiocese of New Orleans	73,185
BP North America, Inc.	45,478
Direct services fees	13,644
Capital One	<u>2,500</u>
	<u><u>\$ 228,439</u></u>

NOTE 12 – OPERATING LEASES

The Organization leases various spaces from which it operates certain program services and administrative functions from unrelated third parties. These eleven agreements are written, on a year-to-year basis, and require payments totaling \$21,497 per month. The total expense under these agreements for the year ended June 30, 2013 is \$106,489.

The Organization leases the main premises from which it operates from an unrelated third party under a written, two-year agreement, expiring on September 1, 2014. This agreement requires monthly lease payments of \$6,800. The total expense under this lease for the year ended June 30, 2013 is \$61,200.

The Organization leases eight copiers under non-cancelable leases for sixty months which require monthly lease payments totaling \$2,405. These leases expire on various dates through September 23, 2016. The total expense under these leases for the year ended June 30, 2013 is \$44,600.

Options for Independence, Inc.

Notes to the Financial Statements
For the Year Ended June 30, 2013

NOTE 12 – OPERATING LEASES (Cont.)

The Organization leases office equipment under a non-cancelable lease for sixty months which requires a monthly lease payment of \$184. This lease expires on September 27, 2016. Total expense under this lease for the year ended June 30, 2013 is \$2,213.

Future minimum lease payments on the above leases are as follows:

<u>June 30,</u>	
2014	\$ 124,392
2015	35,194
2016	11,913
2017	<u>1,522</u>
	<u>\$ 173,021</u>

NOTE 13 – SUBSEQUENT EVENTS

Subsequent events were evaluated through December 10, 2013, which is the date the financial statements were available to be issued, and it was determined that no events occurred that requires disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

On September 25, 2013, the Organization renewed the revolving line of credit discussed in Note 8. The agreement includes a borrowing limit of \$600,000, an interest rate of Wall Street Journal prime on outstanding balances, is secured by all accounts and general intangibles and a term life insurance policy, and matures on November 17, 2014.

On November 24, 2013, the Crisis Counseling Program Grant expired and was not renewed. The Organization received \$1,205,190 in revenue under this program during the year ended June 30, 2013.

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

**Martin
and
Pellegrin**

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Options for Independence, Inc.
Houma, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Options for Independence, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 10, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during

Board of Directors
Options for Independence, Inc.
Houma, Louisiana

our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. This report is intended solely for the information and use of the Board of Directors, management, others within the Organization, the Louisiana Legislative Auditor, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Houma, Louisiana
December 10, 2013

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors
Options for Independence, Inc.
Houma, Louisiana

Report on Compliance for Each Major Federal Program

We have audited Options for Independence's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended June 30, 2013. The Organization's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and responses.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Organization's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination

Board of Directors
Options for Independence, Inc.
Houma, Louisiana

of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Options for Independence, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2013.

Report on Internal Control Over Compliance


Management of Options for Independence is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Options for Independence's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Options for Independence's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Board of Directors
Options for Independence, Inc.
Houma, Louisiana

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose. This report is intended solely for the information and use of the Board of Directors, management, others within the Organization, the Louisiana Legislative Auditor, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

A handwritten signature in cursive script, appearing to read "Martha and Kelly".

Houma, Louisiana
December 10, 2013

OTHER INFORMATION

Options for Independence, Inc.

Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2013

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Contract Number	Federal Expenditures
<u>U.S. DEPARTMENT OF HOMELAND SECURITY/</u>			
<u>Pass-through payments from the Louisiana Department of Health and Hospitals/</u>			
Crisis Counseling	97.032	717932	\$ 689,925
		720469	515,265
			<u>1,205,190</u> *
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES/</u>			
<u>Pass-through payments from the Louisiana Department of Health and Hospitals/</u>			
Block Grants for Community Mental Health Services	93.958	716830	95,064
		715819	36,919
		716815	31,580
			<u>163,563</u>
Temporary Assistance for Needy Families (TANF)	93.558	N/A	70,000
		696526	63,666
<u>Pass-through payments from the Louisiana Department of Public Safety and Corrections/</u>			
Temporary Assistance for Needy Families (TANF)	93.558	715143	27,227
			<u>160,893</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>324,456</u>
<u>U.S. DEPARTMENT OF EDUCATION/</u>			
<u>Pass-through payments from the Louisiana Department of Education/</u>			
Special Education - Grants to States	84.027	N/A	203,411
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	N/A	70,147
Title I Grants to Local Educational Agencies	84.010	N/A	11,355
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>284,913</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT/</u>			
<u>Pass-through payments from Gulf Coast Teaching Family Services (Gulf Coast Social Services)/</u>			
Supportive Housing Program	14.235	LA0149B6H081104	82,863
<u>Direct funding from U.S. Department of Housing and Urban Development</u>			
Supportive Housing Program	14.235	LA0149L6H081205	39,779
			<u>122,642</u>

* Denotes a major program.

See Independent Auditor's Report.

Options for Independence, Inc.

Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2013

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Contract Number	Federal Expenditures
<u>U.S. DEPARTMENT OF LABOR/</u>			
<u>Pass-through payments from the Louisiana Work- Career Solutions Center Work Connection, Inc./</u>			
Workforce Investment Act National Emergency Grants	17.277	N/A	<u>30,625</u>
<u>U.S. SMALL BUSINESS ADMINISTRATION</u>			
Prime Technical Assistance	59.050	SBAHQ-09-Y-0163	<u>14,263</u>
<u>U.S. DEPARTMENT OF COMMERCE/</u>			
<u>Pass-through payments from the South Central Planning and Development Commission/</u>			
Economic Adjustment Assistance	11.307	N/A	<u>11,200</u>
			<u>\$ 1,993,289</u>

See Independent Auditor's Report.

Options for Independence, Inc.

Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2013

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Options for Independence, Inc. under programs of the federal government for the year ended June 30, 2013. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of Options for Independence, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Options for Independence, Inc.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Options for Independence, Inc.

Schedule of Findings and Responses Year Ended June 30, 2013

Summary of Auditor's Results

1. The auditor's report expresses an unqualified opinion on the financial statements of Options for Independence, Inc.
2. No deficiencies in internal control were noted during the audit of the financial statements.
3. No instances of noncompliance required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.
4. No deficiencies in internal control were noted during the audit of internal control over the major federal award program.
5. The auditor's report on compliance for the major federal award program for Options for Independence, Inc. expresses an unqualified opinion on the major federal program.
6. No audit findings relative to the major federal award program were noted.
7. The program tested as a major program was the U.S. Department of Homeland Security Crisis Counseling (CFDA number 97.032).
8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. Options for Independence, Inc. qualified as a low-risk auditee.
10. A management letter was not issued.

Findings – Financial Statement Audit

None noted.

Findings – Internal Control

None noted.

Findings and Questioned Costs – Major Federal Award Program Audit

None noted.

Options for Independence, Inc.

Schedule of Prior Findings and Resolution Matters
Year Ended June 30, 2013

Note: All prior findings relate to the June 30, 2012 audit engagement.

Section I – Internal Control and Compliance Material to the Financial Statements

This section is not applicable.

Section II – Internal Control and Compliance Material to Federal Awards

This section is not applicable.

Section III – Management Letter

This section is not applicable.